

**SABINE HUMANE SOCIETY, INC.**

**ANNUAL FINANCIAL REPORT  
JULY 31, 2014**

Sabine Humane Society, Inc.  
Financial Report  
July 31, 2014

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## FINANCIAL STATEMENTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

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### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
of the Sabine Humane Society, Inc.

We have reviewed the accompanying statement of financial position of the Sabine Humane Society, Inc. (a nonprofit organization) as of July 31, 2014, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Sabine Humane Society's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated November 3, 2014, on the results of our agreed-upon procedures on pages 12 through 14. In addition, pages 15 through 16 present the Louisiana Attestation Questionnaire.

*Johnson, Thomas & Cunningham*

Johnson, Thomas & Cunningham, CPA's

November 3, 2014  
Natchitoches, Louisiana

Sabine Humane Society, Inc.  
Statement of Financial Position  
Year Ended July 31, 2014

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$220,469
Prepaid Insurance	<u>1,545</u>
Total Current Assets	<u>\$222,014</u>

Non-current Assets:

Capital Assets:

Land & Improvements	\$ 39,753
Buildings & Improvements	280,531
Vehicles	31,279
Equipment	20,987
Less: Accumulated Depreciation	<u>(52,018)</u>
Capital Assets, net	<u>\$320,532</u>

Other Assets:

Deposits	\$ <u>575</u>
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Total Assets	<u>\$543,121</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 6,869
Accrued Wages	2,620
Payroll Liabilities	<u>1,234</u>
Total Liabilities	<u>\$ 10,723</u>

NET ASSETS:

Unrestricted	\$528,369
Temporarily Restricted	<u>4,029</u>
Total Net Assets	<u>\$532,398</u>

See accompanying notes and independent accountant's review report.

Sabine Humane Society, Inc.  
Statement of Activities  
Year Ended July 31, 2014

**Changes in Unrestricted Net Assets**

Revenues:

Property Taxes	\$ 261,646
Adoptions	16,940
Revenue Sharing- Sabine Sheriff	10,349
Contributions	11,777
Membership Dues	1,655
Interest	500
Other	1,030
Net Assets Released from Restrictions	<u>4,318</u>
Total Revenues and Reclassifications	<u>\$ 308,215</u>

Expenses:

Accounting	\$ 12,390
Advertising	2,331
Auto & Truck	8,619
Depreciation	19,070
Feed & Supplies	23,209
Insurance	7,126
Kennel Services	2,665
Licenses & Fees	1,022
Medicine for Animals	29,595
Office Expense	1,639
Operating Supplies	2,500
Outside Services	7,888
Repairs & Maintenance	5,038
Salaries & Payroll Taxes	67,987
Telephone & Utilities	17,905
Uniforms	1,042
Veterinarian Fees	54,495
Miscellaneous	<u>1,709</u>
Total Expenses	<u>\$ 266,230</u>
Increase in Unrestricted Net Assets	<u>\$ 41,985</u>

**Changes in Temporarily Restricted Net Assets**

Net Assets Released from Restrictions	<u>\$ (4,318)</u>
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<b>Increase in Net Assets</b>	<b>\$ 37,667</b>
<b>Net Assets, Beginning of Year</b>	<u><b>494,731</b></u>
<b>Net Assets, End of Year</b>	<u><u><b>\$ 532,398</b></u></u>

See accompanying notes and independent accountant's review report.

Sabine Humane Society, Inc.  
Statement of Cash Flows  
Year Ended July 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in Net Assets	\$ 37,667
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	19,070
(Increase) Decrease in Prepaid Expenses	(1,257)
(Increase) Decrease in Receivables	805
Increase (Decrease) in Payroll Liabilities	3,854
Increase (Decrease) in Accounts Payable	<u>(18,929)</u>
Net Cash Provided by Operating Activities	\$ 41,210
CASH FLOWS FROM FINANCING ACTIVITIES:	
Purchase of Assets, Furniture & Equipment	<u>(27,944)</u>
Net Increase in Cash	\$ 13,266
Cash at Beginning of Year	<u>207,203</u>
Cash at End of Year	<u>\$220,469</u>

See accompanying notes and independent accountant's review report.

## NOTES TO FINANCIAL STATEMENTS

Sabine Humane Society, Inc.  
Notes to Financial Statements  
July 31, 2014

Introduction:

The Sabine Humane Society, Inc. (hereafter referred to as the Society) was incorporated as a nonprofit organization on November 10, 1997, under the laws of the State of Louisiana. The Society serves all of Sabine Parish. The purpose of the Society is the prevention of cruelty to animals, relief of suffering among animals, and the extension of humane education. The Society operates under a five member Board of Directors, whose term of appointment is three years.

1. Significant Accounting Policies:

The accounting and reporting policies of Sabine Humane Society, Inc., conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - The Society has adopted FASB Accounting Standard Codification 958-205 "Not-for-Profit Organizations." Under FASB ASC 958-205, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Society is required to present a statement of cash flows.
- B. Basis of Accounting - The Society uses the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.
- C. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Capital Assets - Depreciation on all exhaustible capital assets is charged as an expense against the operations of the Society. Assets are recorded at cost if purchased or at market value at time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years. Depreciation expense for the current year is \$19,070. Accumulated depreciation was \$52,018 at July 31, 2014.
- E. Long-Term Liabilities- The Sabine Humane Society, Inc. had no long-term debt as of July 31, 2014.

Sabine Humane Society, Inc.  
Notes to Financial Statements  
July 31, 2014

F. Income Taxes - The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Society's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 for the current fiscal year was not due and had not been filed as of November 3, 2014, the date the financial statements were available for issue.

G. Cash and Equivalents - For the purpose of the statements of cash flows, the Society considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

2. Cash and Cash Equivalents:

At July 31, 2014, cash and cash equivalents totaled \$220,469 (book balances), including \$200 petty cash. Bank balances at July 31, 2014 totaled \$219,089. All of the cash balances at July 31, 2014 were secured by FDIC Insurance.

3. Capital Assets:

The following is a summary of changes in capital assets for the Society for the year ended July 31, 2014:

	Balance 7/31/13	Additions	Deletions	Balance 7/31/14
Non-Depreciable Capital Assets-				
Land	\$ 39,753	\$ 0	\$ 0	\$ 39,753
Depreciable Capital Assets-				
Buildings	267,507	13,024	0	\$280,531
Vehicles	16,359	14,920	0	31,279
Equipment	20,987	0	0	20,987
Total Depreciable Capital Assets	\$ 304,853	\$ 27,944	\$ 0	\$332,797
Total Capital Assets	\$ 344,606	\$ 27,944	\$ 0	\$372,550
Less: Accumulated Depreciation	\$ (32,948)	\$ (19,070)	\$ 0	\$ (52,018)
Total Capital Assets, Net	\$ 311,658	\$ 8,874	\$ 0	\$320,532

Depreciation expense for the current year totaled \$19,070.

4. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

Sabine Humane Society, Inc.  
Notes to Financial Statements  
July 31, 2014

5. Contributions:

The Society has also adopted FASB ASC 958-605, "Not-For-Profit Entities – Revenue Recognition." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. All contributions received in the current were unrestricted.

6. Ad Valorem Taxes:

Taxes are levied by the Society in June or July and are actually billed to taxpayers in November. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are recognized as revenue when billed.

The Sabine Parish Sheriff's Office bills and collects property tax for the Society. Collections are remitted to the Society monthly. Total taxes remitted to the Society during the current year were \$261,646. Ad Valorem taxes approximate 86% of the Society's total revenue for the current year.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The Society is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose after the approval by the voters of the Parish.

Assessed values are established by the Sabine Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

For the year ended July 31, 2014, taxes of 1.61 mills were levied on property with an assessed valuation totaling \$202,738,580. Louisiana law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$33,359,744 of the assessed value in 2013.

Sabine Humane Society, Inc.  
Notes to Financial Statements  
July 31, 2014

7. Temporarily Restricted Net Assets:

There were donor-imposed restricted contributions during the year ended July 31, 2013 of \$10,000, to be used for the spay/neuter of cats and dogs. As of July 31, 2014, \$4,029 remains available for the purpose assigned by the donor and is reported as temporarily restricted net assets.

8. Related Party Transactions:

The Society had no identified related party transactions for the year ended July 31, 2014.

9. Contingencies:

In the matter of *State of Louisiana v. Ford*, the defendant was charged with aggravated cruelty to animals and was ordered to pay restitution to the Society in the amount of \$47,855 for the reimbursement of expenses incurred by the Society. However, the Society has not received any payments as of the date of the audit report and is not likely to receive any payments in the future. As such, there is no gain or loss contingency reflected in the financial statements for the year ended July 31, 2014.

10. Subsequent Events:

Management has evaluated events through November 3, 2014, the date which the financial statements were available for issue. There were no items to be reported.

## **SUPPLEMENTAL INFORMATION**

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Sabine Humane Society, Inc.  
520 McDonald Dr.  
Many, Louisiana 71449

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Sabine Humane Society, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Sabine Humane Society, Inc.'s compliance with certain laws and regulations during the year ended July 31, 2014, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were found to be in violation.

#### CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1224 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required lists.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided a list of all employees for the current fiscal year.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

None of the employees listed were identified as family members of management.

#### BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Not applicable.

6. Trace the budget and amendment adoption to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Not applicable.

#### ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six disbursements and found that the payments were for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed appropriate approval.

#### MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Society advertises a notice of each meeting on its website and in flyers it distributes. Management has asserted that meetings were properly advertised.

#### DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

#### ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Management has asserted that employees do not receive any additional compensation other than their salary or hourly wages.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Sabine Humane Society, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson Thomas & Cunningham  
Johnson, Thomas & Cunningham, CPA's

November 3, 2014  
Natchitoches, Louisiana

SABINE HUMANE SOCIETY, INC.  
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's  
321 Bienville Street  
Natchitoches, LA 71457

In connection with your review of our financial statements as of July 31, 2014, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of Sept. 9, 2014.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes X No   

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes X No   

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes X No   

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes X No

### Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

### Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 through 42:13.

Yes ☒ No ☐

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Signed by and title John F. Rana Jr. Treasurer

9/9/14